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October 26, 2005

**VIA FEDERAL EXPRESS**

The Honorable Joseph J. Farnan, Jr.  
United States District Court  
District of Delaware  
844 King Street  
Wilmington, DE 19801

**Re:    *In re NorthWestern Corporation*  
                  Bankruptcy Case No.: 03-12872 (JLP)**

Dear Judge Farnan:

We write on behalf of NorthWestern Corporation ("NorthWestern"), in response to the letter dated October 25, 2005 from Magten Asset Management Corp. ("Magten") regarding the proposed appointment of Louis C. Bechtle as Special Master in certain litigation matters pending before the Court (the "Actions").<sup>1</sup>

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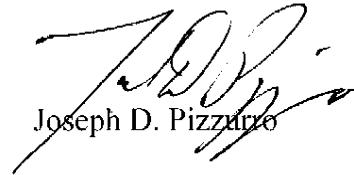
<sup>1</sup> Based upon the proceedings at the status conference held by Your Honor on October 21, 2005, our understanding is that the Court intended for the appointment of the Special Master for the following three matters: (1) Civil Action No. 04-1494-JJF, Magten's action against NorthWestern relating to the 2002 transfer of assets commonly referred to as the "Going Flat Transaction;" (2) Civil Action No. 04-1256-JJF, Magten's action against Paul, Hastings, Janofsky & Walker LLP alleging aiding and abetting claims with respect to the Going Flat Transaction; and (3) Civil Action No. 05-0499-JJF, Magten's action against Michael J. Hanson and Ernie Kindt, former officers of NorthWestern's subsidiary whose assets were transferred in the Going Flat Transaction. We believe that the reference to Civil Action No. 05-0209-JJF in the Court's October 24, 2005 Order was included in error. That action relates to Magten's appeal of the Bankruptcy Court's March 10, 2005 decision denying Magten's 9019 Motion to approve a proposed settlement with NorthWestern.

Hon. Joseph J. Farnan, Jr.  
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NorthWestern has no objection to the appointment of Judge Bechtle as Special Master in the Actions. Although Judge Bechtle has served as a mediator in connection with certain appeals of fee applications in the NorthWestern bankruptcy case, NorthWestern does not believe that this gives rise to any conflict of interest or that it would otherwise impair his impartiality in connection with the Actions. As Magten itself recognizes in its letter, the "appellate issues relating to fees" are different from the "issues relating to the fraudulent conveyance" that are presented in the Actions. Any incidental information that may have been provided in connection with the fee application appeals has no relevance to the Actions. Accordingly, Magten's concerns regarding the proposed appointment are misplaced. NorthWestern's position is that, unless Judge Bechtle deems it necessary to recuse himself, NorthWestern is confident that he will be able to serve as a fair and impartial Special Master in the Actions.

NorthWestern believes the appointment of a Special Master will be helpful in facilitating the prompt resolution of the Actions, and hopes the selection of the individual who will serve in this capacity will be determined without undue delay or protracted objections.

Respectfully Submitted,



Joseph D. Pizzurro

cc: Clerk of Court (*Via CMF*)  
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